

SENATE BILL No. 295

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-1-37.

Synopsis: Renewable energy standards. Requires an electricity supplier to gradually supply a certain percentage of its total electricity supply from renewable energy resources, so that by the calendar year ending December 31, 2025, the electricity supplier must supply 25% of its total electricity from renewable energy resources. Establishes the renewable energy resources fund. Requires an electricity supplier that fails to supply electricity from renewable energy resources according to the specified percentage to pay a penalty. Deposits the penalties in the renewable energy resources fund. Requires the Indiana economic development corporation, in consultation with the Indiana utility regulatory commission, to develop a strategy to attract renewable energy manufacturing facilities, including wind turbine component manufacturers, to Indiana.

Effective: July 1, 2008.

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January 10, 2008, read first time and referred to Committee on Energy and Environmental Affairs.

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Introduced

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

SENATE BILL No. 295

A BILL FOR AN ACT to amend the Indiana Code concerning utilities and transportation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 8-1-37 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2008]:

4 **Chapter 37. Renewable Energy Development**

5 **Sec. 1.** As used in this chapter, "electricity supplier" has the
6 meaning set forth in IC 8-1-2.3-2(b).

7 **Sec. 2.** As used in this chapter, "fund" refers to the renewable
8 energy resources fund established by section 8 of this chapter.

9 **Sec. 3.** As used in this chapter, "regional transmission
10 organization" refers to a regional transmission organization
11 approved by the Federal Energy Regulatory Commission for the
12 geographic area in which an electricity supplier's assigned service
13 area (as defined in IC 8-1-2.3-2) is located.

14 **Sec. 4.** As used in this chapter, "renewable energy credit", or
15 "REC", means one (1) megawatt hour of electricity that:

16 (1) is:

17 (A) generated from a renewable energy resource described

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- 1 in section 5(a)(1) through 5(a)(10) of this chapter; or
- 2 (B) conserved through the use of a renewable energy
- 3 resource described in section 5(a)(11) of this chapter;
- 4 (2) is quantifiable; and
- 5 (3) is possessed by not more than one (1) entity at a time.

6 **Sec. 5. (a) As used in this chapter, "renewable energy resources"**
 7 **includes the following sources and programs for the production or**
 8 **conservation of electricity:**

- 9 (1) Dedicated crops grown for energy production.
- 10 (2) Methane systems that convert waste products, including
- 11 animal, food, and plant waste, into electricity.
- 12 (3) Methane recovered from landfills.
- 13 (4) Wind.
- 14 (5) Hydropower, other than hydropower involving the
- 15 construction of new dams or the expansion of existing dams.
- 16 (6) Solar photovoltaic cells and panels.
- 17 (7) Fuel cells that directly convert chemical energy in a
- 18 hydrogen rich fuel into electricity.
- 19 (8) Sawmill waste, other than waste derived from virgin
- 20 timber.
- 21 (9) Agricultural crop waste.
- 22 (10) Combined heat and power systems that:
- 23 (A) use natural gas or renewable energy resources as
- 24 feedstock; and
- 25 (B) achieve at least seventy percent (70%) overall
- 26 efficiency.
- 27 (11) Demand side management or efficiency programs that
- 28 reduce electricity consumption through one (1) or more of the
- 29 following:
- 30 (A) Home weatherization.
- 31 (B) Appliance efficiency modifications and replacements.
- 32 (C) Lighting efficiency modifications.
- 33 (D) Heating and air conditioning modifications or
- 34 replacements.
- 35 (b) The term does not include energy from the incineration,
- 36 burning, or heating of the following:
- 37 (1) Tires.
- 38 (2) Garbage.
- 39 (3) General household, institutional, or commercial waste.
- 40 (4) Industrial lunchroom or office waste.
- 41 (5) Landscape waste.
- 42 (6) Construction or demolition debris.

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(7) Feedstock that is municipal, food, plant, industrial, or animal waste from outside Indiana.

Sec. 6. (a) Each electricity supplier shall supply electricity that is generated from renewable energy resources described in section 5(a)(1) through 5(a)(10) of this chapter, or that otherwise qualifies as a renewable energy resource under section 5(a)(11) of this chapter, to Indiana customers as a percentage of the total electricity supplied by the electricity supplier to Indiana customers during a calendar year as follows:

(1) Not later than the calendar year ending December 31, 2010, at least two percent (2%).

(2) Not later than the calendar year ending December 31, 2012, at least five percent (5%).

(3) Not later than the calendar year ending December 31, 2016, at least ten percent (10%).

(4) Not later than the calendar year ending December 31, 2018, at least fifteen percent (15%).

(5) Not later than the calendar year ending December 31, 2022, at least twenty percent (20%).

(6) Not later than the calendar year ending December 31, 2025, at least twenty-five percent (25%).

For purposes of this subsection, electricity is measured in megawatt hours. For purposes of determining the amount of electricity supplied through an electricity supplier's use of a renewable energy resource described in section 5(a)(11) of this chapter, one (1) megawatt hour of electricity saved or not generated through the use of a demand side management program or an efficiency program equals one (1) megawatt hour of electricity generated from a renewable energy resource described in section 5(a)(1) through 5(a)(10) of this chapter.

(b) An electricity supplier may own or purchase RECs to comply with subsection (a).

(c) If an electricity supplier exceeds the applicable percentage under subsection (a) in a compliance year, the electricity supplier may carry forward the amount of electricity that:

(1) exceeds the applicable percentage under subsection (a); and

(2) is generated from renewable energy resources in an Indiana facility;

to comply with the requirement under subsection (a) for either or both of the two (2) immediately succeeding compliance years.

(d) An electricity supplier that fails to comply with subsection

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(a) shall deposit in the fund established by section 8 of this chapter an amount equal to:

- (1) the number of megawatt hours of electricity that the electricity supplier was required to but failed to supply under subsection (a); multiplied by
- (2) fifty dollars (\$50).

(e) An electricity supplier is not required to comply with subsection (a) if the commission determines that the electricity supplier has demonstrated that the cost of compliance with subsection (a) using the renewable energy resources available to the electricity supplier would result in an unreasonable increase in the basic rates and charges for electricity supplied to customers of the electricity supplier. The commission shall conduct a public hearing to make a determination under this subsection.

(f) If the commission determines under subsection (e) that the cost of available renewable energy resources is not reasonable, the commission shall:

- (1) reduce or eliminate the affected electricity supplier's obligations under subsection (a) as appropriate; and
- (2) review its determination not more than twelve (12) months after the reduction or elimination under subdivision (1) takes effect.

(g) The commission shall allow an electricity supplier to recover reasonable and necessary costs incurred in:

- (1) constructing, operating, or maintaining facilities to comply with this chapter; or
- (2) generating electricity from, or purchasing electricity generated from, a renewable energy resource;

by a periodic rate adjustment mechanism.

Sec. 7. (a) For purposes of calculating RECs to determine an electricity supplier's compliance with section 6(a) of this chapter, the following apply:

- (1) Except as provided in subdivisions (2) through (3), one (1) megawatt hour of electricity generated from renewable energy resources in an Indiana facility equals one (1) REC.
- (2) One (1) megawatt hour of electricity generated from a renewable energy resource described in section 5(a)(2), 5(a)(3), or 5(a)(4) of this chapter that originates in Indiana equals one and one-half (1.5) RECs.
- (3) One (1) megawatt hour of electricity that is:
 - (A) generated from a renewable energy resource in the territory of a regional transmission organization; and

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(B) imported into Indiana;

equals five-tenths (0.5) REC.

(b) Electricity generated by any source outside the territory of a regional transmission organization may not be considered for purposes of calculating an REC to determine an electricity supplier's compliance with section 6(a) of this chapter.

(c) An electricity supplier may not apportion all or part of a single megawatt of electricity among:

(1) more than one (1) renewable energy resource; or

(2) more than one (1) category set forth in subsection (a); in order to comply with section 6(a) of this chapter.

Sec. 8. (a) The renewable energy resources fund is established to:

(1) support the development, construction, and use of renewable energy resources, including small scale renewable energy resources, in rural and urban Indiana; and

(2) reimburse the Indiana economic development corporation and the commission for expenses incurred under section 9 of this chapter.

(b) The fund consists of the following:

(1) Money deposited under section 6(d) of this chapter.

(2) Money from any other source that is deposited in the fund.

(c) The Indiana economic development corporation shall administer the fund.

(d) The expenses of administering the fund shall be paid from money in the fund.

(e) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 9. (a) This section applies if there is sufficient money in the fund to reimburse the Indiana economic development corporation and the commission for expenses incurred under subsection (b).

(b) The Indiana economic development corporation, in consultation with the commission, shall develop a strategy to attract renewable energy manufacturing facilities, including wind turbine component manufacturers, to Indiana.

Sec. 10. Beginning in 2012, not later than March 1 of each year, an electricity supplier shall file with the commission a report of the electricity supplier's compliance with this chapter for the

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1 preceding calendar year.

2 Sec. 11. The commission shall adopt rules under IC 4-22-2 to
3 implement this chapter.

4 SECTION 2. [EFFECTIVE JULY 1, 2008] (a) Not later than April
5 1, 2014, the Indiana utility regulatory commission shall submit a
6 report in an electronic format under IC 5-14-6 to the general
7 assembly. A report submitted under this SECTION must include:

8 (1) an analysis of; and

9 (2) any legislative proposals the commission believes would
10 increase;

11 the effectiveness of and industry compliance with IC 8-1-37, as
12 added by this act.

13 (b) This SECTION expires January 1, 2016.

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